

## Maine Bureau of Financial Institutions Foreclosure Release – August 12, 2014

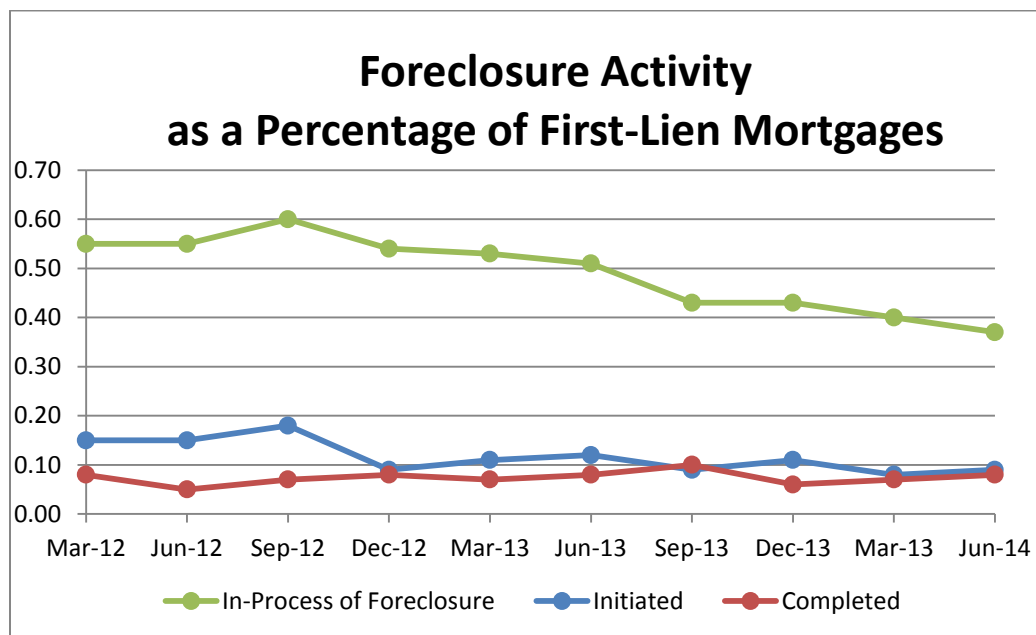


**August 12, 2014**

### ***Loans In-process of Foreclosure Hits Five-Year Low Among Maine's State-Chartered Financial Institutions***

Gardiner – Bureau of Financial Institutions' Superintendent Lloyd P. LaFountain III announced today that loans in-process of foreclosures have reached the lowest percentage level in more than five years and, while the number of completed foreclosures increased this quarter (likely a result of high initiated foreclosures in the 3<sup>rd</sup> quarter 2012 working through the judicial system), completed foreclosures are expected to decline by year-end 2014.

The Bureau has been surveying the 31 state-chartered banks and credit unions regarding foreclosure activity quarterly since 4<sup>th</sup> quarter 2006. The data is limited to the 31 financial institutions that have been state-chartered since year-end 2006 through June 2014. It does not include data from entities not regulated by the Bureau, such as federally-chartered banks, federally-chartered credit unions, and mortgage companies licensed to do business in Maine.

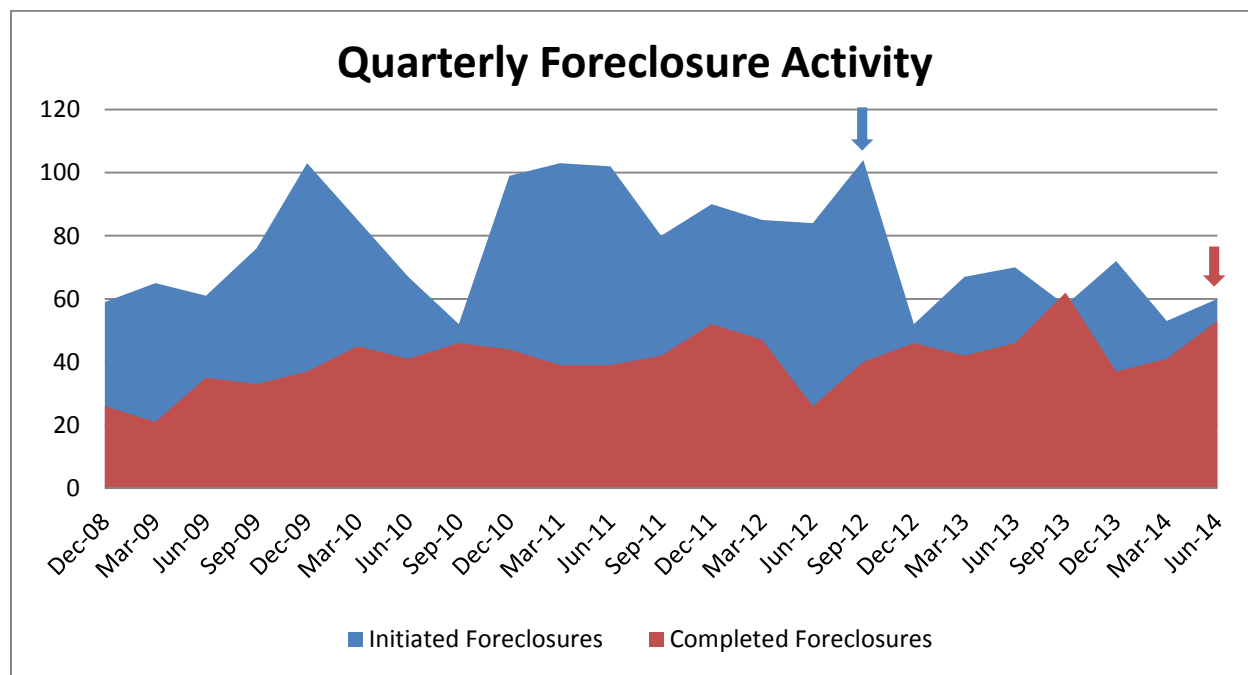


At the close of June 2014, Maine's 31 state-chartered banks and credit unions held 64,000 first-lien mortgages of which 239 were in-process of foreclosure. This level, representing 0.37% of first-lien mortgages, has consistently declined from a recent high of 0.60% reported in the 3<sup>rd</sup> quarter of 2012. The Foreclosure Activity chart depicts the declining level of first-lien mortgages in-process of foreclosure as well as the level of initiated and completed foreclosures in the past ten quarters. The level of initiated foreclosures reached a high of 0.18%, also in the 3<sup>rd</sup> quarter of 2012, and has since stabilized near the 0.10% level. The level of completed foreclosures is

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also stable, averaging 0.07% in the past ten quarters and ranging between 0.05% and 0.10%. Refer to the data charts on page three for greater detail.

Initiated foreclosures totaled 60 in the 2<sup>nd</sup> quarter 2014, representing an increase from the previous quarter but fewer than the 70 filed in the 2<sup>nd</sup> quarter 2013 and fewer than the prior four quarter average of 63. Completed foreclosures totaled 53 in the 2<sup>nd</sup> quarter 2014. Loans dropping out of the foreclosure process, including negotiated resolutions and short sales, totaled 19 in the 2<sup>nd</sup> quarter 2014.



The Quarterly Foreclosure Activity chart displays the volume of initiated and completed foreclosures for each quarter between December 2008 and June 2014. In last quarter's report ([1<sup>st</sup> Quarter 2014 Foreclosure Release](#)) the Bureau explained that there is a positive correlation between the level of initiated foreclosures and the level of completed foreclosures after a period of 21-24 months. It also reported that the high level of initiated foreclosures (104) reported in the 3<sup>rd</sup> quarter 2012 suggested an increase in completed foreclosures is expected this year. Completed foreclosures did increase from 41 at March 2014 to 53 at June 2014. If this 21-24 month pattern holds, a decline in completed foreclosures is likely to appear by year-end 2014, but may start as early as next quarter (21-24 months after the decline of initiated foreclosures at year-end 2012).

Early delinquencies (less than 90 days past due) declined from recent periods. The early delinquency ratio of 0.89% at the end of the 2<sup>nd</sup> quarter 2014 has declined from 1.47% at year-end 2013 and from 1.09% one year earlier. More serious delinquencies (90 days or more past due), representing 0.74% of the first-lien mortgages at the end of the 2<sup>nd</sup> quarter 2014, continue to show declining trends from the peak of 1.24% at year-end 2010.

Superintendent LaFountain reiterated that "foreclosure activity, while remaining above pre-recession levels, appears to be slowly abating and does not pose a threat to the stability of Maine's state-chartered financial institutions."

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**Annually:**

<b>1<sup>ST</sup> REM</b>	<b>Dec-08</b>	<b>Dec-09</b>	<b>Dec-10</b>	<b>Dec-11</b>	<b>Dec-12</b>	<b>Dec-13</b>
Number in Process of Foreclosure at Year-End	148	226	250	306	317	271
Foreclosures Completed YTD	119	126	176	172	159	187
Foreclosures Initiated YTD	201	305	303	375	325	267
Percent of 1 <sup>st</sup> Lien REM In Process of Foreclosure at Year-End	0.31%	0.48%	0.52%	0.55%	0.54%	0.43%
Percent of Foreclosures Completed YTD to Average 1 <sup>st</sup> Lien REM	0.25%	0.27%	0.37%	0.34%	0.28%	0.31%
Percent of Foreclosures Initiated YTD to Average 1 <sup>st</sup> Lien REM	0.42%	0.64%	0.64%	0.73%	0.57%	0.44%

**Quarterly:**

<b>1<sup>ST</sup> REM</b>	<b>Jun-13</b>	<b>Sep-13</b>	<b>Dec-13</b>	<b>Mar-14</b>	<b>Jun-14</b>
Number in Process of Foreclosure at Quarter-End	307	266	271	251	239
Foreclosures Completed During the Quarter	46	62	37	41	53
Foreclosures Initiated During the Quarter	70	58	72	53	60
Percent of 1 <sup>st</sup> Lien REM In Process of Foreclosure at Quarter-End	0.51%	0.43%	0.43%	0.40%	0.37%
Percent of Foreclosures Completed During the Quarter to 1 <sup>st</sup> Lien REM	0.08%	0.10%	0.06%	0.07%	0.08%
Percent of Foreclosures Initiated During the Quarter to 1 <sup>st</sup> Lien REM	0.12%	0.09%	0.11%	0.08%	0.09%